

eserve
1.941
87g 82

FOR RELEASE
SEPTEMBER 10, A.M.

The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

WASHINGTON, D. C.

BAE

AUGUST 1952

Wheat carryover stocks are being built up sharply during the current marketing year and a further increase is likely during 1953-54.

The build-up in stocks this year is resulting from increased supplies and decreased disappearance. Supplies are estimated to be 12% larger than in 1951-52 and the third largest on record. About the same amount of wheat will be used in the U. S. as last year, but exports probably will fall well below the 473 million bushels of 1951-52.

When the marketing year ends next July 1, about 550 million bushels of old wheat are expected to be on hand compared with 254 million last July 1, which was about equal to the postwar average. The record carryover was 631 million bushels on July 1, 1942.

The national wheat goal for next year calls for 72 million seeded acres. With average yields, such an acreage would produce enough to cover expected domestic and export requirements and probably leave some to add to the carryover on July 1, 1954. However, if farmers exceed the 1953 goal very much and yields are average or better, the carryover at the end of the 1953-54 year could be well above the 550 million bushels expected next July 1.

Cash wheat prices are expected to stay below the effective loan level—\$2.20 per bushel minus a storage charge—until late fall or early winter; average for the 1952-53 year is expected to be slightly under the effective loan. With support prices for the 1953 crop required by law to be set at 90 percent of parity, prices in 1953-54 are expected to be near those of the current season.

BUSINESS ACTIVITY Industrial production has recovered much of the ground lost as a result of the work stoppage in steel in July. Further improvement is expected in September.

Consumer spending is continuing at the high level reached earlier in the year. Lively retail business and the drop in output of durable goods resulting from the steel strike has reduced total business inventories considerably.

Prices in farm and city markets generally showed little change in recent weeks. The index of prices received by farmers in mid-August was the same as a month earlier. Prices of poultry, dairy products, hogs, small grains, hay and potatoes were higher; truck crops, cattle, calves, several fruit crops and sweet potatoes lower. Prices for commodities farmers buy, together with interest, taxes and wage rates, rose, mainly because of slightly higher prices for production goods.

Wholesale prices turned up in August after declining in recent months. Consumer prices for moderate income families in large cities in July averaged a little above the previous record of June.

LIVESTOCK AND MEAT Profits from cattle feeding this winter are likely to be higher than last winter when they were below average. Prices of feeder cattle have dropped sharply this summer. Feed prices probably won't be much different than last winter. Even if prices of slaughter cattle decline moderately as is expected, profits in the coming year should be about average.

Hog marketings will rise seasonally this fall and winter. Total sales will be below last year because the spring pig crop was 9% lower than that of the previous spring. Prices are likely to average as high or higher than last year.

DAIRY PRODUCTS Milk output has dropped off more than usual from the June peak. Output in July was 3 percent below July, 1951 and the lowest since 1940. Drop from a year ago is due to slightly fewer milk cows on farms and reduced production per cow as a result of hot, dry weather in several parts of the country.

Prices of milk and manufactured dairy products have risen at about the usual rate in recent weeks. In some areas affected by drought, however, prices have gone up substantially.

POULTRY AND EGGS Egg prices rose sharply this summer as production dropped below a year earlier. In the next few months, output is expected to be above the fall of 1951 and price increases are likely to be small.

Broiler chick placements in August were 6% below a year earlier. Broiler prices in mid-August averaged 30.9 cents per pound, up about 2 cents from a month earlier. Marketings of farm chickens are nearing the seasonal peak. Prices the last 4 months have been the lowest since November, 1950.

Turkey prices will increase seasonally this fall as the holidays approach but because of the record crop in prospect probably will stay below a year earlier.

FATS AND OILS Stocks of food fats on October 1, the beginning of the 1952-53 marketing season will be larger than a year earlier, but not enough to entirely offset the moderate drop expected in production. A 6% decline in the soybean crop and a 5% decline in cottonseed were indicated by the August 1 crop report. The peanut crop is off sharply. Lard production also will be down in 1952-53 because of the 9% reduction in last spring's pig crop.

FEED Feed grain prices rose slightly from mid-July to mid-August when they averaged 7% higher than a year earlier. Supply of feed grains and other concentrates for 1952-53 was estimated in August to be 5% smaller than in 1951-52. This would be less than in any of the last 4 years, either in total or per animal unit.

FRUITS Production of each of the major deciduous fruits, except sweet cherries, is expected to be lower this year than last. Demand also is weaker, mainly because of larger carryover stocks of canned goods. Prices for most fruits in late summer and fall are expected to average the same or lower than a year earlier. Chief exception is apples. With processing demand stronger, prices are likely to continue higher than last year.

About a tenth less fruit is expected to be canned in 1952-53 than last year. Because of larger stocks, however, supplies for civilians are expected to be as large as in 1951-52.

VEGETABLES Output of each of the major processing vegetable crops, except tomatoes, is expected to be near or above USDA goals. Prices for tomatoes, spinach and green beans are expected to average a little below last year; those for the other crops about the same or higher.

Potato prices probably will fall about seasonally when the late crop begins moving in volume. August 1 estimates indicate this crop will be about 6% larger than last year's.

Sweetpotato prices also may decline when marketings reach a seasonal peak this fall but prices to growers are expected to stay relatively high. The crop is smaller than 1951's low output but more is being produced in Louisiana and Texas where much of the crop is sold rather than used on farms.

WOOL Use of apparel wool by U. S. mills in the first half of 1952 was about a fourth less than a year earlier. Consumption in the second half is expected to rise more than seasonally above the first half.

Stronger mill demand in U. S. and abroad was mainly responsible for advances in wool prices in recent months.

TOBACCO With cigarette production in 1952-53 expected to be at or above the record of 1951-52, U. S. demand for flue-cured and burley tobacco is expected to continue strong. Less unmanufactured tobacco is expected to be sold abroad, however, mostly because Britain and some other countries are trying to save dollars.

